University of California

Los Alamos National Laboratory

Medical Plans – 1995 to Present

March 2002



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# **INTRODUCTION**



### Introduction

### GENERAL HEALTH CARE TRENDS

- Costs are increasing nationally and double digit trend rates are forecasted for the near term.
- Pharmacy claims expense continues to rise following the cost sharing changes in 1999.
- The cost of care for retirees continues to rise in part due to the increase in the number of retiree members but also due to growing cost pressures for this population.
- The Los Alamos and New Mexico markets are not without their challenges. An AHA study shows New Mexico to have the highest cost per inpatient day in the country.

### ■ LOS ALAMOS NATIONAL LABORATORY TRENDS

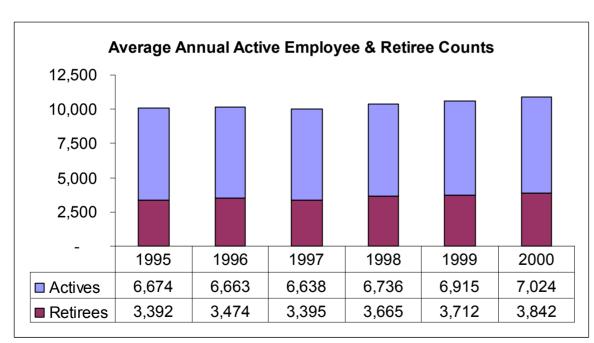
- Total program costs increased approximately 15% in 2000.
- Noteworthy utilization increases were observed in the areas of pharmacy, emergency room use by retirees and outpatient diagnostic services.
- Costs per service rose in the areas of prescription drugs, inpatient hospitalizations for Active employees, emergency room encounters, physician office visits and outpatient facility costs.

# **GENERAL FINDINGS**



### **Enrollment Trends**

- In the last six years, the number of Active employees participating in the plans has increased approximately 5%.
- There are still about 2 employees per retiree in the LANL population. The ratio for UC in California is approximately 3.3 per retiree. Medicare eligible retirees have increased significantly over this time period.



**Employee Distribution By Employee Category** 

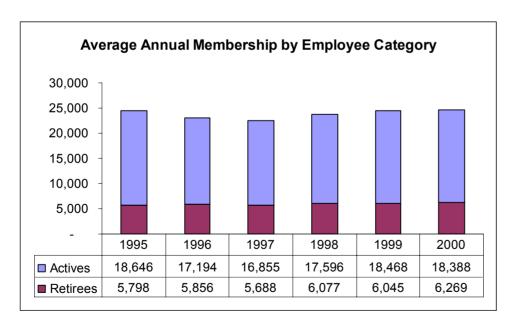
es
6
7
3
1
7
6

NOTE: Charts and tables includes active employees or retirees only and does not include dependents. From 1998 and following, the counts include participants in the Core program.



## **Membership Trends**

- Covered lives in all plans decreased 1996 through 1998 and returned to 1995 levels in 2000.
- Retiree membership has increased to one out of four plan members.



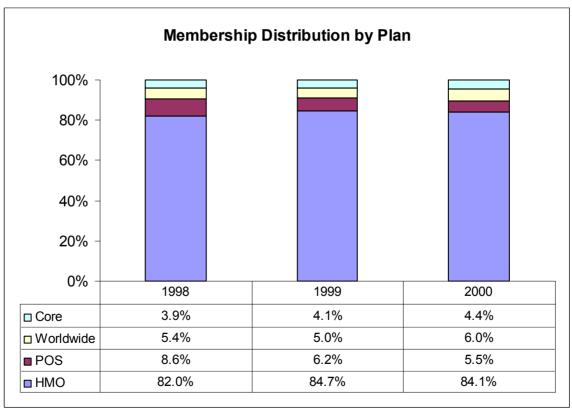
Membership Distribution By Employee Category

Total **Actives** Members Year Retirees 24,444 1995 76.3% 23.7% 1996 74.6% 25.4% 23,050 1997 74.8% 25.2% 22,543 1998 73.4% 26.6% 23,673 1999 75.3% 24.7% 24,512 2000 74.6% 25.4% 24,658

NOTE: Charts and tables includes all members, including dependents.

## Membership Trends by Plan

- HMO membership increased slightly in 1999 while it decreased in the POS program.
- Core and Worldwide program membership have both risen over 10% since 1998.



NOTE: Chart includes all members, including dependents.



## **Average Member Age by Plan**

- The POS population continues to show the highest average age among Actives and Retirees as compared to other programs administered by BCBSNM.
- The average age of Actives in the Core program increased almost 5% from 1999 to 2000.
- In 2000, the average age difference between LANL and UC is minimal; LANL members are just under 40 years and the average age of UC California members is 39 years.

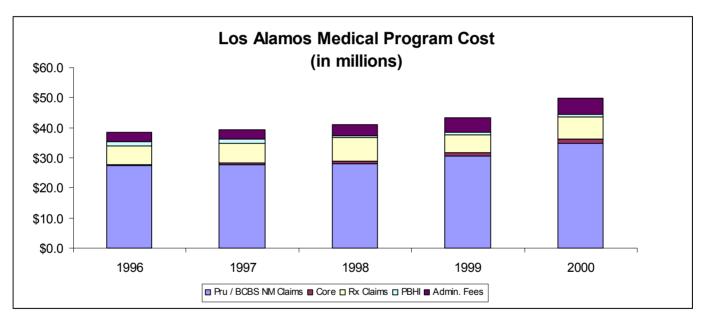
Active
Non-Medicare
Medicare

	нмо		POS				Worldwid	e	Core			
1999	2000	% Change	1999	2000	% Change	1999	2000	% Change	1999	2000	% Change	
29.9	30.6	2.3%	42.4	43.2	1.8%	36.3	34.8	-4.0%	36.5	38.3	4.9%	
53.2	53.9	1.2%	59.2	60.9	2.8%	55.5	56.8	2.2%	60.7	62.5	3.0%	
70.5	70.6	0.2%	72.9	73.1	0.2%	71.6	71.3	-0.3%	72.9	74.0	1.5%	

NOTE: Table reflects average age for all members including dependents.

## **Total Program Costs**

■ Increases in medical and pharmacy spend are responsible for the majority of program cost increases, although administration fees were up significantly in 1999 following the change from a fully insured arrangement in 1998.



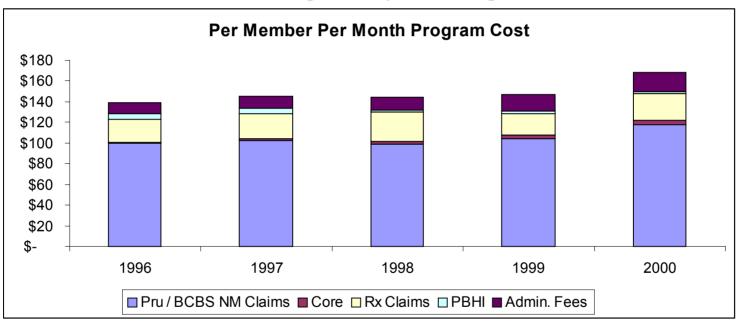
	Pru / BCBS		Admin.						
Year	<b>NM Claims</b>	Core	<b>Rx Claims</b>	PBHI	Fees	Total Cost			
1996	\$27.5	\$0.3	\$6.1	\$1.5	\$3.0	\$38.4			
1997	\$27.7	\$0.5	\$6.6	\$1.3	\$3.3	\$39.4			
1998	\$28.1	\$0.9	\$7.9	\$0.6	\$3.5	\$40.9			
1999	\$30.7	\$0.9	\$6.2	\$0.7	\$4.9	\$43.4			
2000	\$34.9	\$1.3	\$7.5	\$0.6	\$5.5	\$49.8			

Note: In 1996 & 1997, Prudential was responsible for medical claims payment. BCBSNM is shown for 1998 through 2000.



## **Per Member Per Month Program Costs**

■ Overall, plan costs per member per month were fairly stable through 1999 due to increased copayments to members but increased significantly in 2000, primarily due to increases in medical and pharmacy claims expense.



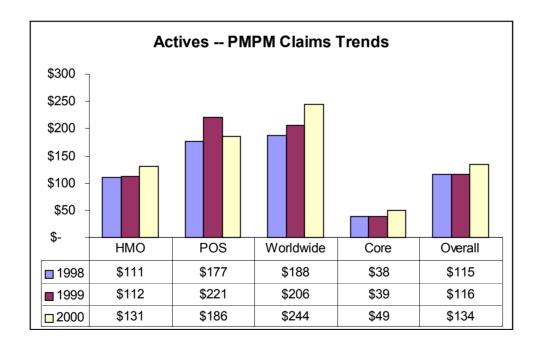
	Pru	BCBS							Ad	min.	F	PMPM
Year	NM	Claims	Core		Rx	Claims	PBHI		F	ees		Total
1996	\$	99	\$	1	\$	22	\$	5	\$	11	\$	139
1997	\$	102	\$	2	\$	24	\$	5	\$	12	\$	146
1998	\$	99	\$	3	\$	28	\$	2	\$	12	\$	144
1999	\$	104	\$	3	\$	21	\$	2	\$	17	\$	147
2000	\$	118	\$	4	\$	25	\$	2	\$	19	\$	168

Note: In 1996 and 1997, Prudential was responsible for medical claims payment. BCBSNM is shown for 1998 through 2000.



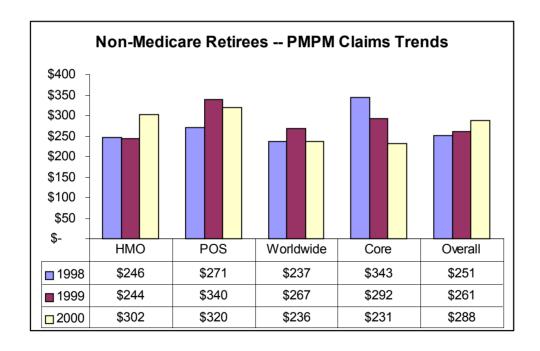
## Per Member Per Month Claims Expense Trends – Actives

■ In 2000, overall claims expense rose 16% for Actives. The HMO, Worldwide and Core programs all experienced increases.



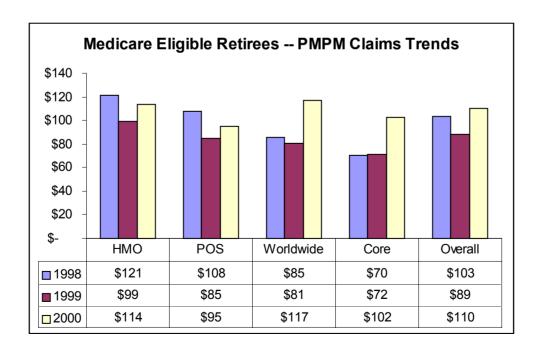
## Per Member Per Month Claims Expense Trends – Non-Medicare

■ The overall claims expense rose 10% in 2000 for Non-Medicare Retirees. The HMO program was the key source for the increase despite comparable enrollment numbers between 1999 and 2000.



## Per Member Per Month Claims Expense Trends – Medicare

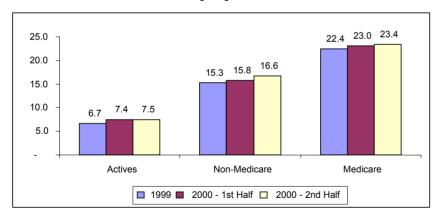
- Medicare PMPMs decreased significantly in 1999 due to the pharmacy benefit design change but costs started to rise again in 2000.
- Overall, PMPM claims expense rose 24% but the Worldwide and Core programs both experienced increases in excess of 40% in 2000. Costs in these will vary from year to year due to their smaller membership.



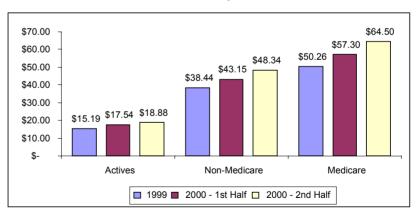
## **Pharmacy Cost & Utilization Trends**

- Overall, utilization rates for prescription drugs increased from 1999 to 2000.
  - From 1999 to 2000, the increase was almost 12% for Actives, approximately 7% for Non-Medicare Retirees and 3% for Medicare Retirees.
- Comparing the first and second half of 2000, the PMPM cost increased approximately 8% for Actives and over 12% for Retiree groups. Comparing calendar years 1999 and 2000, PMPM costs increased between 19% and 21% for all employee groups.
- First quarter of 2001 cost per script indicates an increase of 8% over 2000.

### Scripts per Member\*



### PMPM Pharmacy Costs\*

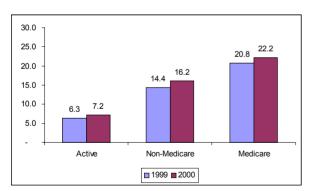


<sup>\*</sup> Note that 2000 1st and 2nd the expressed written Half Views are Annualized Rates

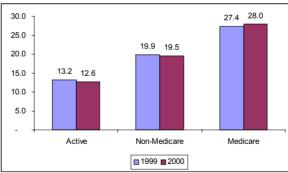
## **Pharmacy Utilization Trends by Plan**

- When combining the scripts per member rate for HMO Actives and Non-Medicare Retirees in 2000, the result of 8.3 is comparable to the *Health Care 2001* (a D&T/VHA publication) national average of 8.1. However, the increase of 14% from 1999 is high.
- The HMO Medicare rate for 2000 of 22.2 is comparable to the *Health Care 2001* average of 21.6. The script rate increase from the previous year of 6.7% from 1999 is comparable to national averages.

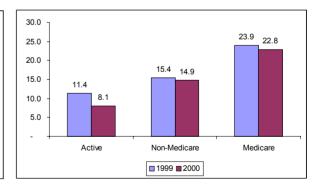
**HMO – Scripts per Member** 



POS – Scripts per Member



Worldwide – Scripts per Member



# **Inpatient Utilization**

- Active inpatient utilization for the BCBSNM programs have declined slightly although the costs per admission and per day have increased.
- Both Retiree populations have shown utilization increases. Although the Medicare Retiree cost per admission and per day is lower due to coordination of benefits with the Medicare program, admission costs increased significantly in 2000.

	Actives					Non-Medicare					Medicare					
Measure	1998		1999		2000		1998		1999		2000		1998	•	1999	2000
Admissions per 1,000	57.6		55.1		54.7		85.1		100.5		97.1		198.7		198.8	233.1
Days per 1,000	186		183		184		476		514		516		1,120		1,141	1,307
ALOS	3.2		3.3		3.4		5.6		5.1		5.3		5.6		5.7	5.6
Cost per Admission	\$ 4,046	\$	5,599	\$	7,731	\$	5,803	\$	7,268	\$	7,020	\$	644	\$	565	\$ 1,032
Cost per Day	\$ 1,250	\$	1,688	\$	2,302	\$	1,038	\$	1,421	\$	1,321	\$	114	\$	98	\$ 184

Note: These figures do not include Core.

# **Outpatient Utilization**

- Utilization levels have fluctuated year to year but, for the most part, costs have continued to rise.
  - For Actives, emergency room costs per visit have almost doubled since 1998.
  - Office visit costs for Actives and Non-Medicare retirees rose significantly in 2000.

		Actives				N	on-N	/ledica	re				Med	dicare				
Measure	19	998	1	999	2	000	1	998	1	1999	20	000	19	98	1	999	2	2000
Utilization																		
ER Visits per 1,000		185		143		155		197		158		172		229		153		191
Urgent Care per 1,000		185		200		169		144		145		111		58		62		60
Office Visits per 1,000		3.8		3.9		3.9		5.4		5.5		5.6		5.9		6.2		5.9
Cost per Service																		
Emergency Room	\$	238	\$	398	\$	452	\$	295	\$	451	\$	520	\$	41	\$	80	\$	72
Urgent Care Visit	\$	47	\$	53	\$	50	\$	44	\$	51	\$	49	\$	16	\$	11	\$	12
Office Visit	\$	49	\$	48	\$	55	\$	46	\$	45	\$	51	\$	8	\$	7	\$	8

Note: These figures do not include Core.

## **Top Facilities**

- For the HMO and POS programs combined, the top 6 facilities represent the majority of facility related care.
- Los Alamos Medical Center represents almost under half of all admissions and emergency room encounters and 39% of all outpatient surgeries.

**Top Facilities for Actives and Non-Medicare Retirees** in the HMO and POS Programs Combined

Inpatient Admissions		1999				DRG Mix		
			Percentage of Total			Percentage of Total		
Facility Name	Admits	ALOS	Admissions	Admits	ALOS	Admissions	1999	2000
Espanola Hospital	65	2.4	5%	42	3.0	3%	1.00	0.85
Los Alamos Medical Center	571	2.7	47%	588	2.9	49%	0.78	0.82
Presbyterian Hospital	111	7.9	9%	88	5.7	7%	1.90	1.47
St. Joseph Medical Center	101	6.2	8%	41	3.6	3%	1.64	1.42
St. Vincent Hospital	294	2.8	24%	292	3.0	24%	1.11	0.97
University of NM Hospital	61	4.6	5%	60	8.4	5%	1.66	1.36

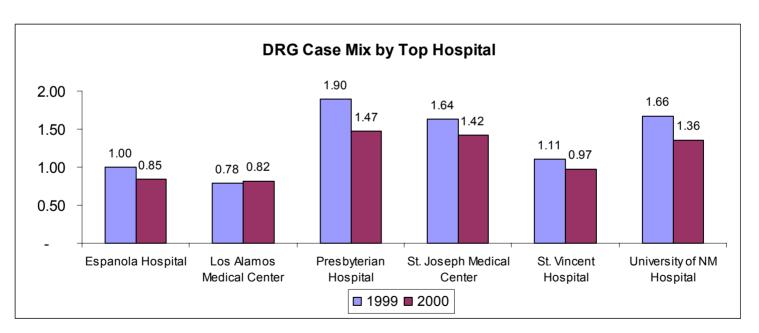
Outpatient Care		Emergen	cy Room	Outpatient Surgery						
	19	99	20	00	19	99	2000			
		Percentage		Percentage		Percentage		Percentage		
Facility Name	Events	of Total	Events	of Total	Events	of Total	Events	of Total		
Espanola Hospital	419	14%	406	13%	70	4%	90	5%		
Los Alamos Medical Center	1,533	52%	1,636	52%	701	39%	703	39%		
Presbyterian Hospital	59	2%	62	2%	122	7%	115	6%		
St. Joseph Medical Center	81	3%	108	3%	55	3%	48	3%		
St. Vincent Hospital	550	19%	633	20%	587	33%	387	22%		
University of NM Hospital	30	1%	35	1%	49	3%	43	2%		

Note: DRG refers to "diagnosis related group", which incorporates relative acuity scores for admissions based on the diagnoses and procedures reported.



## **Top Facilities**

- The case mix analysis continues to show that LAMC handles lower acuity admissions although there was a small increase in the case mix over 1999. Cost analyses reveal LAMC remains one of the more expensive facilities even after adjusting for acuity mix.
- All other top facilities experienced declines in their admission case mix.

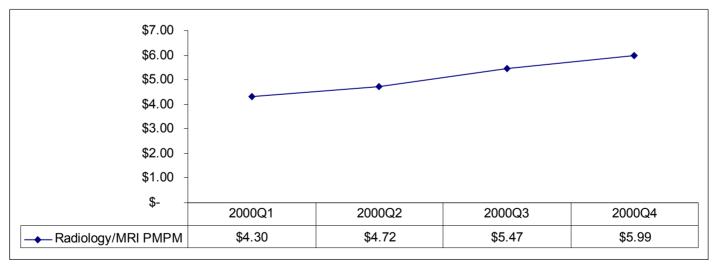


Note: These figures only include Active and Non-Medicare members in the HMO and POS programs. DRG refers to "diagnosis related groups", which incorporates relative acuity scores for admissions based on the diagnoses and procedures reported.

## **Outpatient Facility Costs**

■ A significant rise in outpatient facility costs was noted for the HMO program. Analysis of traditional areas of outpatient facility costs – ambulatory surgery and ER – provide some insight into the cost trends but further study reveals an alarming trend in radiology costs, which include CT/MRIs. The PMPM cost in the 4<sup>th</sup> quarter was up almost 40% over the 1<sup>st</sup> quarter. A significant contributor to the PMPM increase is a 30% rise in utilization.

# Outpatient Facility – Radiology/CT/MRI PMPM Trends by Quarter for 2000



## Physician Cost & Utilization Patterns by City

- The summary of physician cost patterns for the combined Active and Non-Medicare Retiree populations of the HMO and POS programs show the following:
  - Los Alamos physicians are, on average, reimbursed at much higher levels than physicians in other communities.
  - The cost per service increased for primary care and specialist encounters in most cities, including Los Alamos. An analysis of the service intensity levels in 1999 and 2000 does not show any significant changes in the level of service being provided.

### Percentage Above/(Below) Average Physician Office Visit Cost

		19	99		2000							
	PCP End	ounters	Specialist I	Encounters	PCP E	ncounters	Specialist Encounters					
City	Medical	Preventive	Medical	Preventive	Medical	Preventive	Medical	Preventive				
ALBUQUERQUE	-1%	-27%	23%	-43%	-6%	-28%	4%	-32%				
ESPANOLA	-12%	-25%	-38%	-56%	-6%	-26%	-26%	-30%				
LOS ALAMOS	12%	11%	6%	11%	5%	5%	6%	7%				
SANTA FE	-27%	-32%	-11%	-40%	-11%	-9%	-7%	-14%				
OTHER	-18%	9%	-8%	-21%	-13%	-13%	-25%	-45%				

### **Percentage Change in Average Visit Cost**

	PCP End	counters	Specialist Encounters					
City	Medical	Preventive	Medical	Preventive				
ALBUQUERQUE	11%	6%	-3%	25%				
ESPANOLA	25%	7%	37%	68%				
LOS ALAMOS	9%	2%	16%	1%				
SANTA FE	42%	46%	21%	49%				
OTHER	23%	-14%	-7%	-27%				

# **Top Pharmacy Product Utilization – Actives**

- The tables summarize the top pharmacy products, based on total paid, for 1995 and 2000.
- Notice the increase in the number of depression, high cholesterol and allergy medications. The distribution for the POS plan is reflective of the older average age for this population.

1995 - LATC

		Most common
Drug	% of Cost	diagnosis
Prozac	9.1%	Depression
Seldane	4.1%	Allergies
Zoloft	3.9%	Depression
Claritin	3.4%	Allergies
Zantac	3.2%	Ulcers
Mevacor	3.0%	High Cholesterol
Prilosec	3.0%	Ulcers/GERD
Pepcid	2.6%	Ulcers
Biaxcin	1.7%	Infections
Imitrex	1.7%	Migraine

2000 - HMO

		Most common
Drug	% of Cost	diagnosis
Prozac	6.9%	Depression
Lipitor	7.2%	High Cholesterol
Prilosec	6.8%	Ulcers/GERD
Claritin	4.5%	Allergies
Paxil	2.7%	Anxiety
Allegra	2.3%	Allergies
Zoloft	1.8%	Depression
Augmentin	2.2%	Infections
Flonase	1.5%	Allergies
Glucophage	1.2%	Diabetes

2000 - POS

		Most common
Drug	% of Cost	diagnosis
Lipitor	8.6%	High Cholesterol
Prilosec	5.0%	Ulcers/GERD
Prozac	3.8%	Depression
Zoloft	2.8%	Depression
Claritin	3.0%	Allergies
Paxil	1.4%	Anxiety
Fosamax	1.2%	Osteoporosis
Allegra	1.2%	Allergies
Flonase	1.0%	Allergies
Diovan	0.6%	Hypertension

# **Top Pharmacy Product Utilization – Retirees**

■ The Retiree comparisons are more reflective of the greater prevalence of chronic conditions facing older populations. Pharmacy therapy for hypertension, allergies and gender-specific conditions like Osteoporosis and Prostate Cancer are clearly on the rise.

1995 - LATC

			Most common
	Drug	% of Cost	diagnosis
	Mevacor	5.9%	Cholesterol
	Zantac	4.5%	Ulcers
Ē	Prilosec	4.0%	Ulcers/GERD
Non-Medicare	Pepcid	3.9%	Ulcers
þ	Prozac	3.3%	Depression
Š	Vasotec	1.9%	Hypertension
Ļ	Zocor	1.8%	Cholesterol
2	Claritin	1.6%	Allergies
	Zoloft	1.6%	Depression
	Seldane	1.6%	Allergies

2000 - HMO

		Most common
Drug	% of Cost	diagnosis
Lipitor	11.0%	High Cholesterol
Prilosec	9.8%	Ulcers/GERD
Prozac	3.2%	Depression
Claritin	2.7%	Allergies
Pravachol	2.6%	High Cholesterol
Fosamax	2.3%	Osteoporosis
Allegra	1.6%	Allergies
Glucophage	1.5%	Diabetes
Zestril	1.5%	Hypertension
Norvasc	1.3%	Hypertension
-		

2000 - POS

		Most common
Drug	% of Cost	diagnosis
Lipitor	7.8%	High Cholesterol
Prilosec	6.5%	Ulcers/GERD
Claritin	4.0%	Allergies
Prozac	3.3%	Depression
Pravachol	2.1%	High Cholesterol
Fosamax	3.0%	Osteoporosis
Proscar	2.6%	Prostate Cancer
Zoloft	1.7%	Depression
Allegra	1.4%	Allergies
Glucophage	1.2%	Diabetes

2000 - HMO

			Most common
	Drug	% of Cost	diagnosis
les	Prilosec	10.2%	Ulcers/GERD
þ	Lipitor	7.3%	High Cholesterol
ig	Lipitor Pravachol	2.4%	High Cholesterol
Ш	Fosamax	2.4%	Osteoporosis
re	Claritin	1.8%	Allergies
ca	Relafen	1.4%	Arthritis
di	Claritin Relafen Glucophage Norvasc	1.6%	Diabetes
Me	Norvasc	1.4%	Hypertension
_	Proscar	1.5%	Prostate Cancer
	Zestril	1.3%	Hypertension

2000 - POS

2000 - 1 0		
		Most common
Drug	% of Cost	diagnosis
Prilosec	7.9%	Ulcers/GERD
Lipitor	6.0%	High Cholesterol
Fosamax	2.9%	Osteoporosis
Proscar	2.3%	Prostate Cancer
Prozac	2.7%	Depression
Zoloft	1.5%	Depression
Claritin	1.7%	Allergies
Norvasc	1.9%	Hypertension
Allegra	1.1%	Allergies
Miacalcin	1.0%	Osteoporosis



## **Prevalence of Key Chronic Conditions – Actives**

- Based on available prevalence data, and using benchmarks developed from National Center for Health Statistics (NCHS) and Deloitte & Touche proprietary datasets, the Active LANL population does not appear to be more clinically severe than other like populations. However:
  - The increasing trends for cardiovascular diseases, hypertension, and diabetes are notable and illustrate the importance of monitoring the effectiveness and efficiency of the management of these conditions

	1998 (avg.	age 31)	1999 (avg.	age 31)	2000 (avg.	Benchmark	
Condition	Members	Percent	Members	Percent	Members	Percent	Dencimark
Arthritis	610	3.5%	621	3.4%	669	3.7%	2-3%
Asthma	759	4.4%	1,039	5.7%	981	5.4%	4-6%
Breast and Prostate Ca	183	1.1%	176	1.0%	196	1.1%	0.1-1.5%
CHF	25	0.1%	27	0.1%	31	0.2%	0.2-0.4%
COPD	39	0.2%	50	0.3%	53	0.3%	1-2%
Diabetes	224	1.3%	280	1.5%	286	1.6%	2-3%
Hypercholesterolemia	1,313	7.6%	1,601	8.8%	1,724	9.4%	7-10%
Hypertension	1,089	6.3%	1,196	6.6%	1,313	7.2%	4-6%
Ischemic Heart Disease	126	0.7%	127	0.7%	157	0.9%	1.2-2.5%
Mental Health	Data not avail	able in 1998	2,406	13.7%	2,496	13.7%	

## **Prevalence of Key Chronic Conditions – Non-Medicare Retirees**

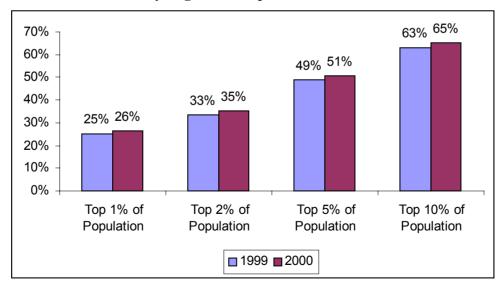
■ Like the Actives, the clinical severity of LANL Retirees is comparable to like populations. However, the prevalence of diabetes, respiratory diseases, cardiovascular diseases, and hypertension are all trending higher and are at the upper ranges of benchmark, stressing the importance of monitoring the effectiveness and efficiency of the management of these diseases.

	1998 (av	g. age 55)	1999 (avç	g. age 54)	2000 (avç	Benchmark		
Condition	Members	Percent	Members	Percent	Members	Percent	Delicilliaik	
Arthritis	361	13.5%	383	14.5%	372	14.3%	18-25%	
Asthma	127	4.8%	146	5.5%	159	6.1%	4-6%	
Breast and Prostate Ca	160	6.0%	144	5.5%	144	5.5%		
CHF	30	30	1.1%	36	1.4%	43	1.7%	1-2%
COPD	56	2.1%	69	2.6%	73	2.8%	3-6%	
Diabetes	109	4.1%	128	4.8%	148	5.7%	5-6%	
Hypercholesterolemia	524	19.6%	591	22.4%	675	25.9%	18-25%	
Hypertension	570	21.4%	575	21.8%	627	24.1%	20-25%	
Ischemic Heart Disease	122	4.6%	125	4.7%	128	4.9%	5-6%	
Mental Health	Data not av	ailable in 1998	421	15.9%	417	16.0%		

# **High Cost Claimants Across All Programs**

- For the various selection thresholds, the high cost population represented an increasing percentage of total plan costs.
  - When several key cardiovascular diagnoses are grouped together MI, CHF, and ischemic heart disease cardiovascular disease becomes the leading cost-driver among high-cost (and all) claimants.
  - Additional examples of cost drivers among these claimants are cancer and gallbladder disease.

% of Total Claims Costs Incurred by High Cost Population Cohorts



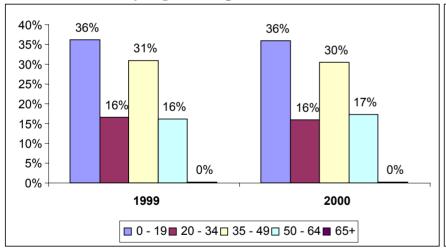
BCBS NEW MEXICO – HMO PLAN HIGHLIGHTS



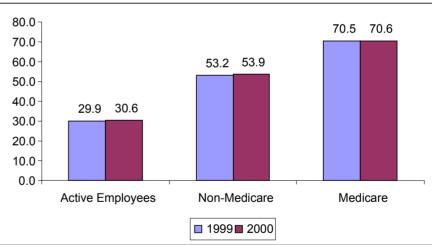
## **Demographic Trends**

■ The age of the HMO population is increasing slightly across all major employee groups. The increases are in line with what would be expected for a relatively stable population.

### Distribution of Membership by Age Group for Actives



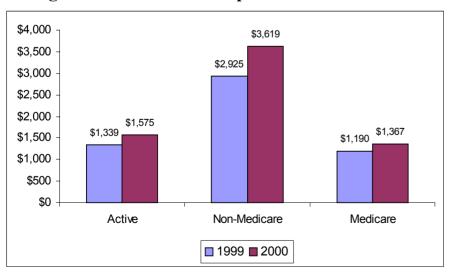
### Average Age by Year



### **Cost Trends**

- The PMPY cost trend for the HMO program rose sharply in 2000, increasing overall by 18.5%.
- On a per member basis, the cost of the Non-Medicare retirees is more than double the cost of the Actives. They are responsible for approximately 18% of HMO plan costs in 2000 while they represent only 8.5% of the population.
- Non-Medicare Retirees showed the highest trend rate at 23.7%, although all major employee categories experienced double digit increases.

### Average Annual Claims Cost per Member – 1999 & 2000



	Total Clai	m Costs	Average A	Annual Clain	ns Costs
	1999	2000	1999	2000	% Change
Employee					
Active	\$23,092,370	\$27,000,678	\$1,339	\$1,575	17.7%
COBRA	\$126,630	\$176,525	\$4,835	\$4,155	-14.1%
Total	\$23,219,000	\$27,177,203	\$1,344	\$1,581	17.7%
Retiree					
Non-Medicare	\$5,127,032	\$6,364,167	\$2,925	\$3,619	23.7%
Medicare	\$2,059,845	\$2,438,354	\$1,190	\$1,367	14.8%
Total	\$7,186,877	\$8,802,521	\$2,063	\$2,484	20.4%
DOE	\$5,433	\$4,475	\$899	\$647	-28.0%
HMO Total	\$30,411,311	\$35,984,199	\$1,464	\$1,735	18.5%

## **Cost by Service Category**

- Significant increases in PMPM costs were experienced in the outpatient facility, professional and pharmacy categories.
- In the aggregate, outpatient facility, outpatient professional and pharmacy costs represent \$3.4 million of the approximately \$4 million in total claims expense increases for Active employees.
- For Retirees, outpatient facility increases were substantially higher, comprising approximately 90% of the total cost increases for this population in 2000 (\$1.5 million out of the total \$1.6 million increase).

### PMPM Cost by Service Category – 1999 & 2000

PMPM Cost							
Actives	1999	2000	% Change	Retirees	1999	2000	% Change
Inpatient Facility	\$18.61	\$21.10	13.4%	Inpatient Facility	\$27.62	\$29.40	6.4%
Inpatient Professional & Other	\$7.35	\$7.63	3.8%	Inpatient Professional & Other	\$9.91	\$9.81	-1.0%
Outpatient Facility	\$30.75	\$35.49	15.4%	Outpatient Facility	\$45.55	\$57.87	27.1%
Outpatient Professional & Other	\$41.52	\$50.40	21.4%	Outpatient Professional & Other	\$46.50	\$56.75	22.1%
Pharmacy	\$13.85	\$17.25	24.6%	Pharmacy	\$42.36	\$53.21	25.6%
Total	\$112.08	\$131.87	17.7%	Total	\$171.94	\$207.04	20.4%

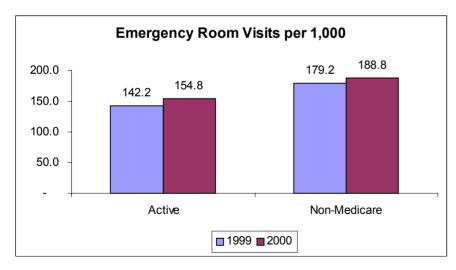
## **Inpatient Utilization Trends**

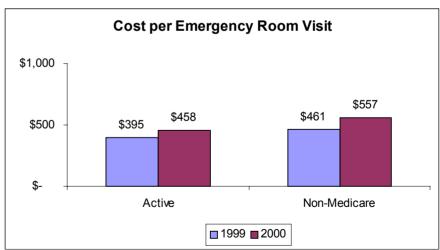
- The increase in PMPM inpatient facility costs is explained by:
  - Overall, inpatient admission rates for the Active and Non-Medicare populations showed little change from 1999 to 2000. In 2000, the days per 1,000 rate of 185 for Actives compares favorably to the *Health Care 2001* HMO commercial national average of 230.
  - The cost per admission increased 11% for Actives and 16% for Non-Medicare Retirees, indicating that most of the increases in inpatient facility costs are attributable to higher reimbursement. Notice also that for the Active population, the DRG case mix decreased from 1999 to 2000 even though the cost per admission increased.

	Actives				Non-Medicare				Medicare					
		1999		2000	% Change	1999		2000	% Change		1999		2000	% Change
Total Admissions		928		939	1%	182		171	-6%		316		353	12%
Total Days		3,091		3,172	3%	760		771	1%		1,794		1,531	-15%
ALOS		3.3		3.4	1%	4.2		4.5	8%		5.7		4.3	-24%
Admits per 1,000		53.8		54.8	2%	103.8		97.2	-6%		182.6		197.8	8%
Days per 1,000		179		185	3%	434		438	1%		1,037		858	-17%
Cost per Admit	\$	4,120	\$	4,571	11%	\$ 5,282	\$	6,104	16%	\$	612	\$	584	-4%
Cost per Day	\$	1,237	\$	1,353	9%	\$ 1,265	\$	1,354	7%	\$	108	\$	135	25%
DRG Case Mix Index		1.04		0.95	-8%	1.27		1.34	5%		1.30		1.42	9%

# **Outpatient Utilization Trends – Emergency Room**

- Emergency room cost increases are a key driver of overall increases in outpatient facility costs.
  - ER utilization increased for the Active and Non-Medicare populations:
    - Actives experienced an 8.9% increase.
    - Non-Medicare members experienced a 5.4% increase.
  - Emergency room costs per visit increased 15.9% for the Active population and almost 21% for the Non-Medicare group.

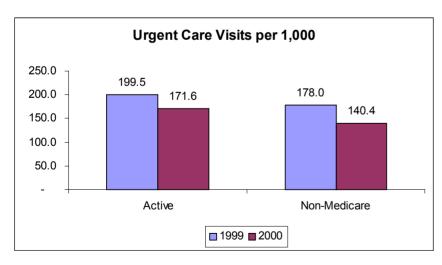


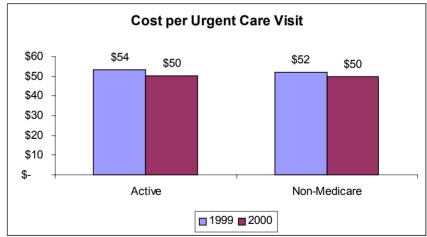




## **Outpatient Utilization Trends – Urgent Care**

- Urgent care utilization decreased 14% for Actives and 21% for Non-Medicare Retirees.
- The costs of these services also trended lower between 4% and 8%.
- The combined rate of emergency room and urgent care utilization continues to suggest a high overall rate of utilization, some of which is potentially avoidable.
- Urgent care visits are approximately one-tenth of the cost of the emergency room visits.





## **Pharmacy Highlights – Actives**

- Scripts per member were 7.2 in 2000 up from 6.3 in 1999 (national average ~8).
- Total pharmacy costs increased 25% from 1999 to 2000 for this group.
- Cost per script increased 9% from 1999 to 2000 and is trending at a 15.5% increase in 2001.
- The top 10 drugs by cost (shaded area) accounted for 32% of the total pharmacy cost in 2000:
  - For these drugs, utilization increased 14% and cost increased 25% from 1999 to 2000.
  - Cost per script increased 10% from 1999 to 2000.

			1999					2000		
Drug Name	Rank	Scripts	% Scripts	Paid	% Paid	Rank	Scripts	% Scripts	Paid	% Paid
LIPITOR	2	2,936	2.7%	\$166,212	5.8%	1	4,041	3.2%	\$255,937	7.2%
PROZAC	1	2,313	2.1%	\$223,800	7.9%	2	2,377	1.9%	\$246,775	7.0%
PRILOSEC	3	1,398	1.3%	\$158,736	5.6%	3	2,128	1.7%	\$243,497	6.9%
CLARITIN	4	3,572	3.3%	\$146,192	5.1%	4	3,580	2.9%	\$160,477	4.5%
PAXIL	5	1,483	1.4%	\$72,899	2.6%	5	1,748	1.4%	\$96,063	2.7%
ACCUTANE	11	187	0.2%	\$55,188	1.9%	6	258	0.2%	\$88,029	2.5%
ALLEGRA	9	1,880	1.7%	\$60,295	2.1%	7	2,349	1.9%	\$83,069	2.3%
AUGMENTIN	10	1,418	1.3%	\$56,278	2.0%	8	1,633	1.3%	\$77,277	2.2%
IMITREX	7	633	0.6%	\$68,491	2.4%	9	584	0.5%	\$73,965	2.1%
AVONEX ADMINISTRATION PACK	8	80	0.1%	\$66,352	2.3%	10	83	0.1%	\$69,435	2.0%
ENBREL	26	25	0.0%	\$22,534	0.8%	11	60	0.0%	\$66,290	1.9%
ZOLOFT	6	1,392	1.3%	\$70,228	2.5%	12	1,315	1.1%	\$65,815	1.9%
FLONASE	14	1,786	1.6%	\$39,658	1.4%	13	2,078	1.7%	\$53,770	1.5%
EFFEXOR XR	18	370	0.3%	\$30,591	1.1%	14	577	0.5%	\$44,959	1.3%
GLUCOPHAGE	23	715	0.7%	\$25,805	0.9%	15	1,018	0.8%	\$43,719	1.2%

## **Pharmacy Highlights – Non-Medicare Retirees**

- Scripts per member were 16.2 in 2000 up from 14.4 in 1999.
- Total pharmacy costs increased 25% from 1999 to 2000 for this group.
- Cost per script increased 11% from 1999 to 2000 and is trending at a 9% increase in 2001
- The top 10 drugs by cost (shaded area) accounted for 39% of the total pharmacy cost in 2000:
  - For these drugs, utilization increased 20% and cost increased 32 % from 1999 to 2000.
  - Cost per script increased 10% from 1999 to 2000.

			1999					2000		
Drug Name	Rank	Scripts	% Scripts	Paid	% Paid	Rank	Scripts	% Scripts	Paid	% Paid
LIPITOR	1	1,078	4.3%	\$77,305	10.3%	1	1,274	4.5%	\$103,319	11.0%
PRILOSEC	2	461	1.8%	\$62,396	8.3%	2	663	2.3%	\$92,221	9.8%
PROZAC	4	213	0.8%	\$26,819	3.6%	3	198	0.7%	\$29,911	3.2%
CLARITIN	5	459	1.8%	\$25,995	3.4%	4	430	1.5%	\$25,530	2.7%
PRAVACHOL	6	240	0.9%	\$16,611	2.2%	5	284	1.0%	\$24,589	2.6%
CASODEX	7	26	0.1%	\$16,312	2.2%	6	20	0.1%	\$22,259	2.4%
FOSAMAX	9	350	1.4%	\$14,298	1.9%	7	446	1.6%	\$21,769	2.3%
ENBREL	0	0	0.0%	\$0	0.0%	8	19	0.1%	\$16,746	1.8%
PROCRIT	3	22	0.1%	\$28,870	3.8%	9	13	0.0%	\$16,021	1.7%
ALLEGRA	18	246	1.0%	\$9,056	1.2%	10	368	1.3%	\$15,452	1.6%
NEUPOGEN	33	3	0.0%	\$4,670	0.6%	11	8	0.0%	\$15,151	1.6%
GLUCOPHAGE	14	235	0.9%	\$9,906	1.3%	12	278	1.0%	\$13,873	1.5%
ZESTRIL	15	631	2.5%	\$9,840	1.3%	13	880	3.1%	\$13,739	1.5%
ZOCOR	8	183	0.7%	\$14,962	2.0%	14	132	0.5%	\$12,706	1.4%
NORVASC	12	293	1.2%	\$10,580	1.4%	15	347	1.2%	\$12,011	1.3%

## Pharmacy Highlights – Medicare Retirees

- Scripts per member were 22.2 in 2000 up from 20.8 in 1999. (National average ~22).
- Total pharmacy costs increased 30% from 1999 to 2000 for this group.
- Cost per script increased 18% from 1999 to 2000 and is trending at a 13% increase in 2001
- The top 10 drugs by cost (shaded area) accounted for 35% of the total pharmacy cost in 2000:
  - For these drugs, utilization increased 27% and cost increased 57 % from 1999 to 2000.
  - Cost per script increased 24% from 1999 to 2000.

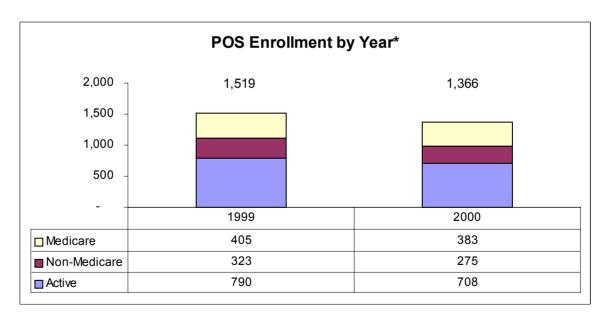
			1999					2000		
Drug Name	Rank	Scripts	% Scripts	Paid	% Paid	Rank	Scripts	% Scripts	Paid	% Paid
PRILOSEC	1	752	2.1%	\$92,880	9.1%	1	989	2.5%	\$134,661	10.2%
LIPITOR	2	1,052	2.9%	\$64,721	6.4%	2	1,481	3.7%	\$96,871	7.3%
ENBREL	6	22	0.1%	\$19,872	2.0%	3	43	0.1%	\$39,957	3.0%
PROCRIT	19	11	0.0%	\$14,055	1.4%	4	33	0.1%	\$33,810	2.6%
PRAVACHOL	3	365	1.0%	\$30,178	3.0%	5	353	0.9%	\$32,328	2.4%
FOSAMAX	4	588	1.6%	\$23,441	2.3%	6	690	1.7%	\$31,526	2.4%
CASODEX	33	30	0.1%	\$8,669	0.9%	7	59	0.1%	\$27,302	2.1%
LOVENOX	29	27	0.1%	\$9,401	0.9%	8	47	0.1%	\$24,973	1.9%
CLARITIN	7	368	1.0%	\$19,022	1.9%	9	411	1.0%	\$23,480	1.8%
GLUCOPHAGE	18	427	1.2%	\$14,402	1.4%	10	503	1.3%	\$21,785	1.6%
PROZAC	9	178	0.5%	\$18,407	1.8%	11	187	0.5%	\$20,246	1.5%
NEUPOGEN	5	15	0.0%	\$20,134	2.0%	12	10	0.0%	\$20,102	1.5%
PROSCAR	13	262	0.7%	\$16,068	1.6%	13	310	0.8%	\$19,498	1.5%
PROLEUKIN	0	0	0.0%	\$0	0.0%	14	4	0.0%	\$19,315	1.5%
RELAFEN	8	266	0.7%	\$18,499	1.8%	15	268	0.7%	\$18,964	1.4%

## BCBS NEW MEXICO – POS PLAN HIGHLIGHTS



#### **Enrollment Trends**

- Overall, enrollment in the POS program decreased approximately 10%:
  - Non-Medicare Retiree enrollment decreased approximately 15% while Medicare enrollment decreased approximately 5%.
  - Active employee enrollment decreased approximately 10%.



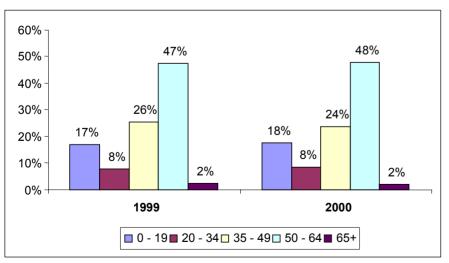
<sup>\*</sup> Excludes COBRA and DOE enrollment.



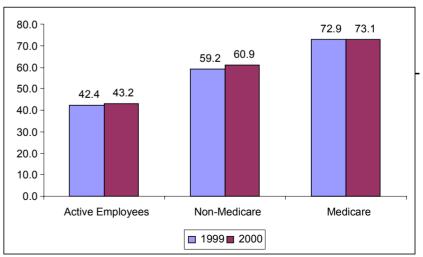
## **Demographic Trends**

- The age of the POS population is increasing slightly across all major employee groups.
  - Actives between the ages of 50 to 64 comprise almost half of the total membership for this employee population, unlike the HMO where just over 30% are in this age group.
  - POS Actives are approximately 12 years older than HMO Actives.
  - The average age of Non-Medicare Retirees in the POS program is 7 years older than HMO Non-Medicare Retirees.

#### Distribution of Membership by Age for Active Employees



#### Average Member Age by Employee Group





#### **Cost by Service Category**

- For Actives, PMPM costs decreased almost 16% from 1999 to 2000.
  - Reductions in inpatient costs explain most of the decreases.
  - Contrary to patterns observed for the HMO populations, PMPM pharmacy cost trends were flat; however, the PMPM for the POS actives is nearly 2.5 times higher than the HMO.
- For Retirees, PMPM costs declined 4.6% overall.
  - Inpatient PMPM costs decreased for facility but increased for professional services.
  - Outpatient PMPM costs remained fairly level.
  - PMPM pharmacy costs increased 13.1% over 1999, which is less than the 25.6% reported for HMO Retirees. However, POS costs are 20% higher than the HMO.
  - The lower total PMPM cost for Retirees is explained by benefit coordination with Medicare.

#### PMPM Cost by Service Category – 1999 & 2000

	PMPM Cost					IPM Cos	t	
Actives	1999	2000	% Change	Retirees	1999		2000	% Change
Inpatient Facility	\$30.51	\$17.59	-42.3%	Inpatient Facility	\$49.60	\$	31.47	-36.6%
Inpatient Professional & Other	\$11.56	\$5.45	-52.8%	Inpatient Professional & Other	\$ 10.04	\$	12.10	20.5%
Outpatient Facility	\$50.00	\$44.42	-11.1%	Outpatient Facility	\$ 36.24	\$	35.73	-1.4%
Outpatient Professional & Other	\$86.82	\$77.30	-11.0%	Outpatient Professional & Other	\$ 46.17	\$	46.34	0.4%
Pharmacy	\$43.10	\$42.32	-1.8%	Pharmacy	\$ 56.11	\$	63.45	13.1%
Total	\$221.99	\$187.08	-15.7%	Total	\$ 198.15	\$	189.08	-4.6%

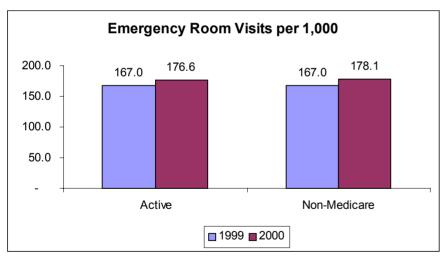
## **Inpatient Utilization Trends**

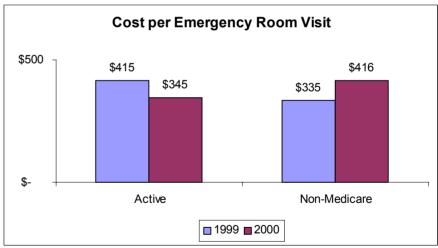
- The decrease in inpatient costs for Active employees is explained by a sharp decline in inpatient admissions for this group (the 2000 admission rate is approximately half of the rate for 1999). The small enrollment in the POS program makes it difficult to draw credible conclusions about inpatient utilization trends.
- The cost per admission did increase from 1999 to 2000 for Actives but declined for Non-Medicare Retirees. Large claims can influence this rate significantly.

		Actives			Non-Medica	are			Medica	re
	1999	2000	% Change	1999	2000	% Change		1999	2000	% Change
Total Admissions	66	30	-55%	29	35	21	%	61	79	30%
Total Days	213	64	-70%	325	174	-46	%	320	434	36%
ALOS	3.2	2.1	-34%	11.2	5.0	-56	%	5.2	5.5	5%
Admits per 1,000	83.5	42.4	-49%	89.7	127.2	42	%	150.5	206.4	37%
Days per 1,000	269	90	-66%	1,005	632	-37	%	790	1,134	44%
Cost per Admit	\$ 4,422	\$ 4,994	13%	\$ 14,510	\$ 6,603	-54	%	\$ 211	\$ 219	4%
Cost per Day	\$ 1,370	\$ 2,341	71%	\$ 1,295	\$ 1,328	3	%	\$ 40	\$ 40	-1%
DRG Case Mix Index	1.28	0.76	-40%	1.29	1.59	23	%	1.43	1.52	6%

## **Outpatient Utilization Trends – Emergency Room**

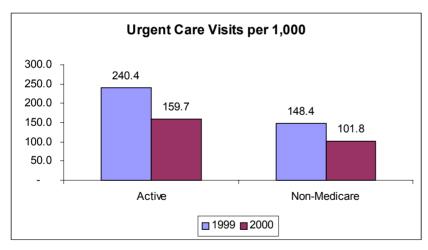
- Emergency room utilization increased almost 6% for Actives and almost 7% for Non-Medicare retirees.
- The cost per emergency room visit declined for Actives but increased for Non-Medicare retirees.

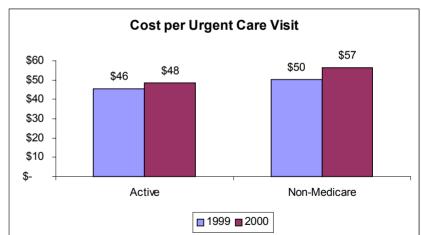




## **Outpatient Utilization Trends – Urgent Care**

- Dramatic declines in urgent care utilization were experienced by Actives and Non-Medicare Retirees in 2000 although some of the decrease may be attributable to reporting differences for the new claim system (which processed some 2000 calendar year incurred claims).
- The cost per urgent care visit increased more for Non-Medicare Retirees (14%) than Actives (4%).





## **Pharmacy Highlights – All Members**

- Scripts per member were 18.3 in 2000 approximately the same as 1999.
- Total pharmacy costs were flat from 1999 to 2000 for this group. POS membership decreased 10% from 1999 to 2000.
- Cost per script increased 7% from 1999 to 2000 and is trending at a 22% increase in 2001.
- The top 10 drugs by cost (shaded area) accounted for 36% of the total pharmacy cost in 2000:
  - For these drugs, utilization decreased 6% but cost increased 7 % from 1999 to 2000.
  - Cost per script increased 13% from 1999 to 2000.

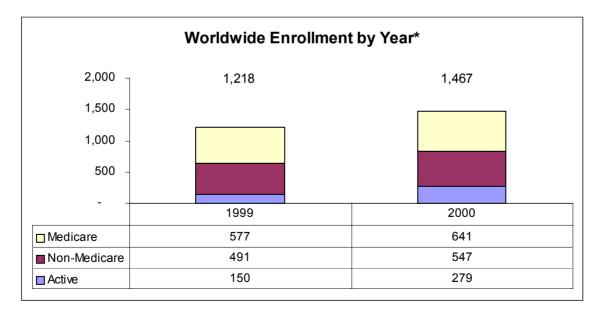
			1999					2000		
Drug Name	Rank	Scripts	% Scripts	Paid	% Paid	Rank	Scripts	% Scripts	Paid	% Paid
LIPITOR	2	956	3.4%	\$55,475	6.1%	1	1,064	4.2%	\$64,552	8.2%
PRILOSEC	1	475	1.7%	\$57,056	6.3%	2	445	1.8%	\$54,940	7.0%
PROCRIT	3	21	0.1%	\$33,729	3.7%	3	27	0.1%	\$48,686	6.2%
PROZAC	4	360	1.3%	\$32,196	3.6%	4	287	1.1%	\$28,470	3.6%
CLARITIN	6	632	2.2%	\$27,165	3.0%	5	515	2.0%	\$23,850	3.0%
LUPRON DEPOT	10	22	0.1%	\$17,492	1.9%	6	28	0.1%	\$20,553	2.6%
CASODEX	15	17	0.1%	\$12,075	1.3%	7	14	0.1%	\$20,348	2.6%
FOSAMAX	12	362	1.3%	\$15,785	1.7%	8	430	1.7%	\$19,192	2.4%
ZOLOFT	5	462	1.6%	\$28,148	3.1%	9	318	1.3%	\$17,984	2.3%
PROSCAR	13	258	0.9%	\$13,708	1.5%	10	232	0.9%	\$13,858	1.8%
BETASERON	56	4	0.0%	\$3,866	0.4%	11	14	0.1%	\$13,530	1.7%
ZYPREXA	9	79	0.3%	\$18,157	2.0%	12	71	0.3%	\$13,170	1.7%
PAXIL	17	213	0.8%	\$10,792	1.2%	13	237	0.9%	\$12,893	1.6%
ENBREL	29	8	0.0%	\$7,476	0.8%	14	13	0.1%	\$12,513	1.6%
PRAVACHOL	11	216	0.8%	\$16,366	1.8%	15	155	0.6%	\$11,507	1.5%

## BCBS NEW MEXICO – WORLDWIDE BENEFITS HIGHLIGHTS



#### **Enrollment Trends**

- Overall enrollment in the Worldwide program increased 20% from 1999 to 2000.
- The largest gain was in the Active population which increased over 85% from 1999. This increase is related to the discontinuation of the BCBS Nevada HMO.
- Retirees comprise 81% of the membership of this plan.



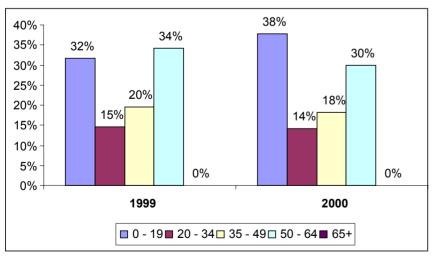
<sup>\*</sup> Excludes COBRA and DOE members



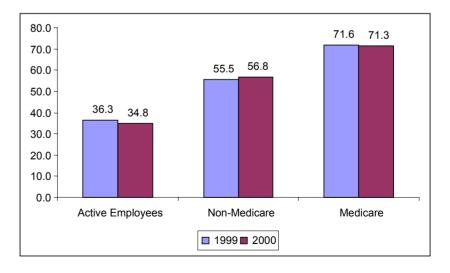
## **Demographic Trends**

- The average age of the Worldwide Active population declined slightly.
- Generally, this population is younger than the POS population and older than the HMO population. However, the mix of Active members by major age group is more comparable to the HMO program.

#### Distribution of Membership by Age Group for Active Employees



#### Average Member Age by Employee Group



#### **Cost Trends by Service Category**

- For Actives, the most significant increase in PMPM cost occurred in the inpatient facility category. With the small number of Active members, large fluctuations in this area can be expected.
- For Retirees, the most noteworthy changes in PMPM costs are:
  - A 13% increase in the inpatient facility PMPM cost.
  - A 12.6% reduction in the outpatient professional PMPM cost.
  - A 13.5% increase in the pharmacy PMPM expense.

#### PMPM Cost by Service Category – 1999 & 2000

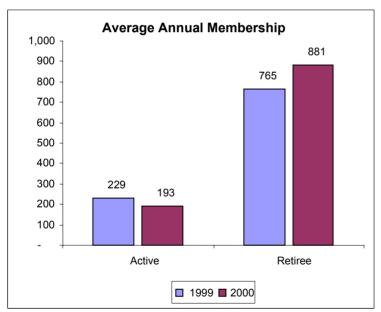
	PMPM Cost						PMPM Cost				
Actives		1999		2000	% Change	Retirees		1999		2000	% Change
Inpatient Facility		\$64.89	\$	93.50	44.1%	Inpatient Facility		\$43.45	\$	49.12	13.0%
Inpatient Professional & Other	\$	33.59	\$	32.59	-3.0%	Inpatient Professional & Other	\$	7.17	\$	7.59	5.9%
Outpatient Facility	\$	35.91	\$	29.76	-17.1%	Outpatient Facility	\$	26.80	\$	26.19	-2.3%
Outpatient Professional & Other	\$	57.81	\$	63.10	9.2%	Outpatient Professional & Other	\$	45.32	\$	39.62	-12.6%
Pharmacy	\$	32.26	\$	22.23	-31.1%	Pharmacy	\$	43.63	\$	49.53	13.5%
Total	\$	224.45	\$	241.18	7.5%	Total	\$	166.37	\$	172.05	3.4%

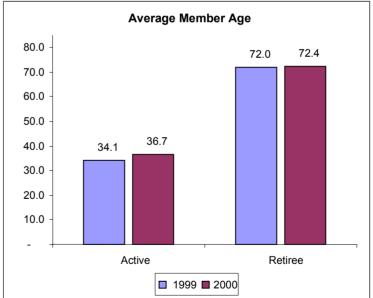
# AETNA – CORE NEW MEXICO PLAN HIGHLIGHTS



## **Enrollment & Demographic Trends**

- The Core plan continues to be comprised primarily of Medicare-eligible Retirees.
- Active membership in the program declined approximately 15% from 1999 to 2000 but increased 15% for Retirees.

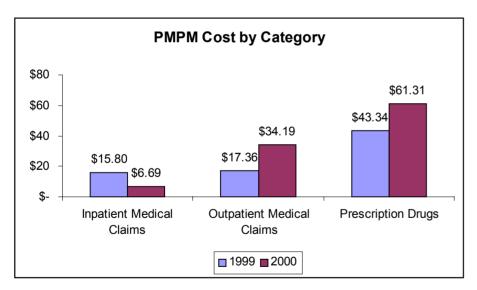






#### **Cost Trends**

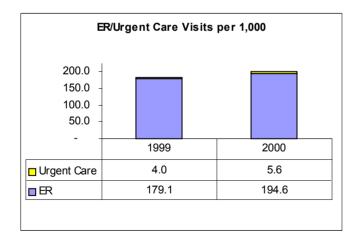
- Most of the claims increases are associated with high outpatient medical costs and increased pharmacy expense.
- Outpatient medical costs more than doubled in 2000 and prescription drug costs, which are paid as fee-for-service claims, increased over 40%. Because of the smaller enrollment in this program, larger fluctuations in claims payments will occur.

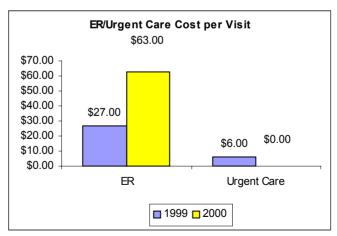


	PMPM Cost								
Category			1999		2000	% Change			
Medical Claims	Inpatient	\$	15.80	\$	6.69	-57.6%			
	Outpatient	\$	17.36	\$	34.19	97.0%			
Prescription Drugs	3	\$	43.34	\$	61.31	41.5%			
Total		\$	76.49	\$	102.20	33.6%			

## **Outpatient Utilization & Cost Trends – ER/Urgent Care**

- Members increased their use of emergency room services by almost 9% from 1999 to 2000.
- Medicare is the primary payer for this population. The average cost per emergency room visit is lower when compared to other LANL programs, but a significant increase was noted for 2000 which explains part of the increase in outpatient claims expense.



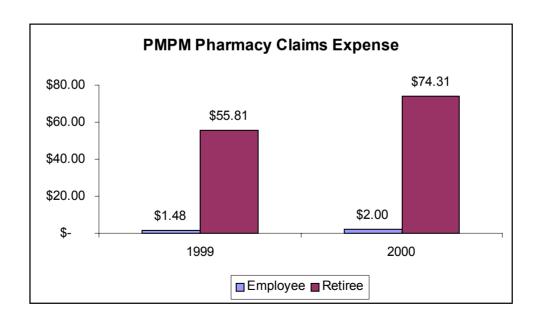


Note: The \$0.00 average is explained by the small volume of services and their accumulation toward plan deductibles.



#### **Pharmacy Cost Trends**

- Note that the Core program does not incorporate a pharmacy benefits management program like that used for the BCBSNM programs and, therefore, pharmacy claims expense reflects "retail" prices.
- PMPM pharmacy claims expense for Employees is modest (although this population is small). Retiree PMPM costs increased over 33% from 1999 to 2000 and was much higher than the average for all retirees under the BCBSNM programs in 2000 (at \$53.65 PMPM).



## **CONCLUSIONS**



#### **CONCLUSIONS**

- The Los Alamos National Laboratory population does not show a higher disease burden based on age mix.
- The cost of retiree health care is high when compared to the Active population. Moreover, they are a larger percentage of the total LANL population when compared to the UC ratio for California.
- Analyses continue to reveal that key cost drivers are:
  - Utilization increases, particularly in the area of pharmacy, outpatient diagnostic services and, for retirees, emergency room utilization.
  - Rising service costs are occurring in most major service categories.
- Plan design changes have had a limited impact on plan costs and do not significantly influence underlying trends in utilization and service costs.

